

Override Study Committee Minutes

April 9, 2014 – 8:00 PM

School Committee Hearing Room – 5th Floor – Town Hall, 333 Washington Street

Present: Dick Benka, co-chair; Susan Wolf Ditkoff, co-chair; Cliff Brown; Chad Ellis; Janet Gelbart; Michael Glover; Kevin Lang; Carol Kamin; Sergio Modigliani; Lee Selwyn; Jim Stergios; Beth Jackson Stram; Tim Sullivan.

1. Discussion of schools and capital financial model.

Beth Jackson Stram presented “Key questions for OSC 5-year projections.” The presentation projected out to five years; set forth as a base case the full potential override amount assuming a three-year time frame; identified actions and policy changes that could reduce that number; and raised the question of revenue falling short of projections or enrollment being higher than expected. The Schools have stated that amounts for various enhancements and catchups will depend on the circumstances at the time, with the Schools deciding on the mix. The model will estimate the impact of varying average class size, non-resident student programs, the amounts for enhancements and catchups and revenue options. The model could build in collective bargaining increases of 2% or 1%, with each 1% being \$750k.

With regard to the “PSB’s projections” on slide 2, the model will take the school operating expenses and add in capital costs to get the baseline for the full “ask.” Tim Sullivan noted that projected revenue growth has been conservative, but it was also that Sean Cronin’s numbers on which projections are based do not include any increase in Chapter 70 funding from enrollment growth. Kevin Lang stated that he was comparing past projections with actual revenue growth.

With regard to the “scenarios” on slide 3, there are certain assumptions that are independent of K-8 student numbers, e.g., municipal cuts and revenue options, BEEP fees, building rental fees charged by the PSB and other revenue options. The model will use input from the Capital Subcommittee and identify classrooms that would not be built with policy or practice changes and will capture the avoidance of new hires. It was noted a change in the health care premium split would have an effect as well.

There was a discussion of 5-year vs. a shorter term. Beth said that the model should be able to show any timeframe between 1 and 5 years.

Lee also noted that there are costs that get put into play with increased enrollment but don’t show up quickly, such as OPEBs, or, having classroom expansion in year 6 versus year 8. It is incorrect to slide off costs into the future. Beth noted that the narrative should indeed emphasize the long-run costs. Beth noted that you could do a shorter or longer override; may have to think about costs that may be variable at year 5 but not at year 3; this is a grey area.

There was further discussion of Chapter 70. METCO and Materials Fee revenues are variable based on the numbers, but Chapter 70 assumes no variability in either direction (e.g., Sean

Cronin does not increase Chapter 70 year-by-year with enrollment growth in projections so in turn Chapter 70 funding is not cut back if the population declines).

As to slide 5, the capital portion of the model will use information from the Capital Subcommittee to show the expansion project equivalencies that would result from the reduction in classroom demand through policy or practice changes. It was noted that investments in technology could also result in computer labs (e.g., at Heath and Runkle) being repurposed.

Lee noted that the long-run estimate based on past costs may be inaccurate, because the cost curve begins to bend upward with proposed projects.

Further assumptions are set forth on slides 6 and 7.

2. Calendar to completion

The Spring 2014 calendar was discussed, looking toward issuance of the final draft of a report in early July. It was suggested that there be an information session where the OSC presented its initial findings, rather than a focus on two public hearings.

Slides showing “Key questions for OSC 5-year projections”
OSC Spring 2014 Schedule